



DEPARTMENT OF LABOR

Employment and Training Administration

Notice of decisions on States' applications for relief from tax credit reductions provided under section 3302 of the Federal Unemployment Tax Act (FUTA) applicable in 2015.

AGENCY: Employment and Training Administration, Labor.

ACTION: Notice.

SUMMARY: Sections 3302(c)(2)(A) and 3302(d)(3) of the FUTA provide that employers in a State that has an outstanding balance of advances under Title XII of the Social Security Act at the beginning of January 1 of two or more consecutive years are subject to a reduction in credits otherwise available against the FUTA tax for the calendar year in which the most recent such January 1 occurs, if a balance of advances remains at the beginning of November 10 of that year. Further, section 3302(c)(2)(C) of FUTA provides for an additional credit reduction for a year if a State has outstanding advances on five or more consecutive January firsts and has a balance at the beginning of November 10 for such years. Section 3302(c)(2)(C) also provides for waiver of this additional credit reduction and substitution of the credit reduction provided in section 3302(c)(2)(B) if a state meets certain conditions.

The States of California, Connecticut, Indiana, Kentucky, New York, North Carolina, Ohio, South Carolina, and the Virgin Islands passed January 1, 2015, with outstanding Title XII advances and were potentially subject to FUTA credit reductions.

California, Indiana, Kentucky, Ohio, and the Virgin Islands applied for a waiver of the 2015 additional credit reduction under section 3302 (c)(2)(C) of FUTA and it has been determined that each of these States met all of the criteria of that section necessary to qualify for the waiver of the additional credit reduction. Further, the additional credit reduction of section

3302(c)(2)(B) is zero for these States for 2015. Therefore, employers in these States will have no additional credit reduction applied for calendar year 2015.

Also, Section 3302(f) of FUTA provides that a State may apply for a cap in the reduction in credit for a year by meeting certain criteria. Kentucky applied for the cap of the 2015 credit reduction under this section. It has been determined that Kentucky met all of the criteria of section 3302(f) and thus qualifies for a cap on the credit reduction. Therefore, Kentucky employers would not be subject to an increase in FUTA credit reductions for calendar year 2015.

The States of Indiana, Kentucky, New York, North Carolina, and South Carolina repaid all of their outstanding advance balances before the beginning of November 10, 2015. Therefore, employers in those States will have no reduction in FUTA offset credit for calendar year 2015.

California, Ohio, and the Virgin Islands will have a credit reduction of 1.5%, and Connecticut will have a credit reduction of 2.1%, which is the 1.5% plus a 0.6% fifth year addition amount for calendar year 2015.

SIGNED:

Portia Wu,

Assistant Secretary for Employment and Training

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